Administration of Barack H. Obama, 2010

Remarks During a Meeting of the President's Economic Recovery Advisory Board and an Exchange With Reporters

April 16, 2010

The President. Hello, everybody. All right, don't break anything. [*Laughter*] You guys all set? All right.

Well, thank you all for coming. We have a few topics to discuss today, and I'm eager to hear from all of you about how the economy looks from your perspective and your forecast for the next few months. We're particularly interested, obviously, in the issue of hiring and how we're putting Americans back to work. And I'm also going to be focused on hearing from you your recommendations in terms of how we can increase exports in the years to come, because we know that if we are selling products overseas and not just purchasing products and services, then that is going to directly benefit the growth of our economy.

I do want to say a few words quickly about the issue of Wall Street reform. I know that some of you have worked in the financial industry or been leading financial regulators. Many of you have been advocates of reform for some time. Paul and Bill, in particular, have been active in this area for more years than they probably care to remember.

As I've said before, we need a strong and healthy financial sector to grow jobs and our economy. And it's exactly because of the centrality and importance of the financial sector that we have to act. The devastating recession that we just went through offered a very painful lesson in what happens when we don't have adequate accountability and transparency and consumer protection.

We can't allow history to repeat itself. Never again should American taxpayers be forced to step in and pay the price for the irresponsibility of speculators on Wall Street who made risky bets with the expectation that taxpayers would be there to break their fall. And we can't leave in place a tattered set of rules that will allow another crisis to develop, without the tools to deal with it. And that's why I expect that we are going to have a strong reform proposal that demands new accountability from Wall Street and provides new protections for consumers.

This is reform that will force banks and financial institutions to pay for bad decisions that they make and not have taxpayers pay for those bad decisions. And that means no more bailouts.

This reform would also bring new transparency and accountability to the derivatives market, and this is something that Paul Volcker spoke publicly about just the other week. The derivatives market is where a lot of the big, risky financial bets by companies like AIG took place. There are literally trillions of dollars sloshing around this market that basically changes hands under the cover of darkness. And when things go wrong, as they did in AIG, they can bring down the entire economy, and that's why we've got to bring more transparency and oversight when it comes to derivatives and bring them into a framework in which everybody knows exactly what's going on, because we can't afford another AIG.

Now, let's be honest. Some in the industry are not happy with the prospect of these reforms. We've seen the usual army of lobbyists dispatched up on Capitol Hill. They have found some willing allies on the other side of the aisle in Congress who have been trying to carve out a lot of exceptions and special loopholes so that folks on Wall Street can keep making these risky bets without any oversight.

I hope that we can pass a bipartisan bill. But bipartisanship cannot mean simply allowing lobbyist-driven loopholes that put American taxpayers at risk. That would not be real reform.

So in the coming weeks, every Member of Congress is going to have to make a decision: Are they going to side with the special interests and the status quo, or are they going to side with the American people? And anyone who opposes this reform is going to be leaving taxpayers on the hook if a crisis like the one that we've just seen ever happens again. And I consider that unacceptable.

My hope and belief is that all of us, Democrats and Republicans, are going to be able to find some common ground on this issue and move it forward. It is too important to become bogged down in the same partisan gridlock and politics that we've seen. It's time that we demanded accountability from Wall Street and protections for consumers so that we don't find ourselves in this same mess again.

All right. So with that, we're going to officially convene the meeting, which will be live-streamed. So let's clear out the room a little bit.

All right. Everybody was much better behaved than usual. [*Laughter*]

Chairman Paul A. Volcker. Well, I guess we're making progress.

The President. Yes, obviously. Usually I get at least one shouted question. This time everybody was very well behaved, it was good.

Participant. Friday afternoon.

The President. Yes, exactly. [*Laughter*]

Use of Presidential Veto on Financial Regulatory Reform Legislation

Q. Well, Mr. President, can I ask you—[*laughter*]——

Participant. You took the bait.

The President. Go ahead. Go ahead.

Q. ——if you would veto legislation if the derivatives language isn't as strong as what Senator Dodd has?

The President. You know, I want to see what emerges, but I will veto legislation that does not bring the derivatives market under control and some sort of regulatory framework that assures that we don't have the same kind of crises that we've seen in the past.

Okay. All right. With that, I'm going to turn it over to our Chairman, Mr. Paul Volcker.

NOTE: The President spoke at 1:38 p.m. in the Roosevelt Room at the White House. In his remarks, he referred to Paul A. Volcker, chairman, and William H. Donaldson, member, President's Economic Recovery Advisory Board.

Categories: Addresses and Remarks : President's Economic Recovery Advisory Board, meetings; Interviews With the News Media : Exchanges with reporters :: Washington, DC.

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